

ACTIVITY 6 – Will the Real Socialism Please Step Forward?

Introduction

In this activity students will use their knowledge of socialism to examine country profiles in the CIA World Factbook for evidence of socialism. After their examination they will decide how many steps forward to take for each country in answer to the question “will the real socialism please step forward?”

Materials

Activity 6 Slide Deck -

https://docs.google.com/presentation/d/1hNa-3PsQJiqv30GkpNnhppvrDwvi5cFEUetgnC-jtWY/edit?usp=drive_link

Handout 1: 1 copy per group of 4 students

One internet accessible device (phone, table, computer) per group of 4 students.

Key Terms

Socialism	A society in which the state controls resources and makes decisions about production and equitable distribution.
Control Problem	The difficulty central planners have in controlling human wants and desires.
Incentive Problem	The problem that occurs with central planning when individuals and central planners are not incentivized to serve the general interest.
Knowledge Problem	The idea that the information for economic planning is distributed across individual members of society and cannot be known by central planners.
Pathologies of Privilege	The problem that occurs in central planning when bureaucrats gain power, and some are privileged over others.

Objectives

Students will be able to:

- Identify examples of the control problem in country profiles.
- Identify examples of the knowledge problem in country profiles.
- Identify examples of the incentive problem in country profiles.

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- Identify examples of the pathologies of privilege in country profiles.
- Analyze country profiles to determine to what degree a country is socialist.

Time Required

50 minutes

Voluntary National Content Standards

CONTENT STANDARD 8: Role of Price

Students will understand that prices send signals and provide incentives to buyers and sellers. When supply or demand changes, market prices adjust, affecting incentives.

- Benchmark 4: Scarce goods and services are allocated in a market economy through the influence of prices on production and consumption decisions.

CONTENT STANDARD 9: Competition and Market Structure

Competition among sellers usually lowers costs and prices, and encourages producers to produce what consumers are willing and able to buy. Competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them.

- Benchmark 1: The pursuit of self-interest in competitive markets usually leads to choices and behavior that also promote the national level of well-being.
- Benchmark 5: The introduction of new products and production methods is an important form of competition and is a source of technological progress and economic growth.

CONTENT STANDARD 14: Entrepreneurship

Entrepreneurs take on the calculated risk of starting new businesses, either by embarking on new ventures similar to existing ones or by introducing new innovations. Entrepreneurial innovation is an important source of economic growth.

- Benchmark 3: Productivity and efficiency gains that result from innovative practices of entrepreneurs foster long term economic growth.

Procedures

1. Divide students into groups of 4 and assign a recorder to record the group's work on Handout 1.
2. Give a copy of Handout 1 to each group.
3. Use the slide deck to remind students of the traditional definition of socialism and the more modern definition of socialism.
 - a. Traditional Socialism: The State controls resources and makes decisions about production and equitable distribution.
 - b. Modern definition of Socialism: The state provides more government services, a guaranteed annual income, or both.

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4. Explain that students will be examining country profiles in the CIA World Factbook for evidence of socialism.
5. Use the slide deck to review the problems with socialism and potential questions they might ask as they are examining the country profiles.
 - a. **Control Problem:** The difficulty central planners have in controlling human wants and desires. Questions: Do you see evidence of the state trying to control human behavior? What Economic System is prevalent?
 - b. **Knowledge Problem:** The idea that the information for economic planning is distributed across individual members of society and cannot be known by central planners. Questions: Is there evidence of free markets that help overcome the knowledge problem?
 - c. **Incentive Problem:** The problem that occurs with central planning when individuals and central planners are not incentivized to serve the general interest. Questions: Is there evidence or a lack thereof of entrepreneurship?
 - d. **Pathologies of Privilege:** The problem that occurs in central planning when bureaucrats gain power, and some are privileged over others. Questions: Is there evidence of corruption?
6. Assign each group two countries to examine as outlined below. Make sure each group has a computer or internet accessible device.
 - a. Poland, Turkmenistan
 - b. Cuba, Denmark
 - c. Estonia, North Korea
 - d. Sweden, Venezuela
7. Instruct students to fill out handout 1 as they find evidence for or against socialism. When they finish examining each country they should decide how socialist the country is by deciding how many steps forward to take in answer to the question, will the real socialism please step forward? Zero steps would indicate not socialist at all and 4 steps would be very socialist.
8. Give each group 3-5 minutes to share their findings for each country and tell how many steps forward they would take.

Conclusion

Many countries that are considered “socialist” today had experiments with socialism but have moved toward more market-oriented economies. While they may provide more government services, through more economic freedom they have overcome the problems of control, knowledge and incentives that continue to plague modern socialist countries today.

Handout 1

Directions: Search the CIA World Factbook for evidence of Socialism for your assigned countries. Fill in the table below with the evidence you find. <https://www.cia.gov/the-world-factbook/>

Country:		
	Evidence for/against Socialism	Evidence for/against Socialism
Control Problem (What economic system is present? Do you see evidence of the state trying to control human behavior?)		
Knowledge Problem (Is there evidence of free markets that help overcome the knowledge problem?)		
Incentive Problem (Is there evidence or a lack thereof of entrepreneurship?)		
Pathologies of Privilege (Is there evidence of corruption?)		
Other		